

SALES AND USE TAX REVIEW COMMISSION

RECOMMENDATION PURSUANT TO P.L. 1999, C. 416

BILL NUMBER: A-3765

**DATE OF
INTRODUCTION:** 6/9/03

SPONSOR: Assemblyman Chatzidakis

**DATE OF
RECOMMENDATION:** 8/5/03

IDENTICAL BILL: None

COMMITTEE: Assembly Agriculture & Natural Resources

DESCRIPTION:

This bill provides a sales tax exemption for sales of qualified water conserving gardening devices.

ANALYSIS:

If enacted, this bill could have a significant revenue impact, because of the widespread use of lawn-watering systems. It is worth noting that this exemption is not limited to home gardening devices, and by its terms, would probably apply as well as to drip irrigation systems purchased for golf courses and large corporate complexes.

While it is worthwhile to encourage consumers to use water conserving devices to alleviate and help prevent ongoing and recurring water shortages in the state and the region, elimination of the tax on such devices is unlikely to be a significant incentive for purchase. In addition, even if it were, the commission generally does not favor the use of tax policy as a means of influencing consumers' purchasing decisions and other behavior.

RECOMMENDATION:

The Sales and Use Tax Review Commission does not recommend this bill for enactment.

COMMISSION MEMBERS FOR PROPOSAL: 1

COMMISSION MEMBERS AGAINST PROPOSAL: 5

COMMISSION MEMBERS ABSTAINING: 0

COMMISSION MEETING DATE: August 5, 2003

CMT:sp